

SUN AUCTION RESULT

The Government Wins FR0081 for Relief Measures

Auction for SUN on Tuesday, March 31, 2020

	FR0081	FR0082	FR0080	FR0083	FR0076
Incoming Bids	Rp9.46 Trn.	Rp8.51 Trn.	Rp3.59 Trn.	Rp1.48 Trn.	Rp0.26 Trn.
Highest Yield	7.55%	8.27%	8.53%	8.65%	8.95%
Lowest Yield	7.11%	7.78%	8.17%	8.27%	8.34%
Weighted Avg.	7.15%	7.82%	8.22%	8.33%	-
Amount Won	Rp8.00 Trn.	Rp6.35 Trn.	Rp2.40 Trn.	Rp0.85 Trn.	-
BTC Ratio	1.18x	1.34x	1.50x	1.75x	-

Source: DJPPR, NHKSI Research

Short-Term Funds for Relief Measures

The Government won the total amount awarded of IDR22.2 trillion from series of Government Debt Securities Seven (SUN) on Tuesday's auction of March 31, 2020. The proceeds from Tuesday's SUN auction or the final auction in 1Q20 were greater than the total amount awarded of IDR17.1 trillion at the two-week prior SUN auction. At the final auction, the Government won more SUN series FR0081, with 5-year tenor and series FR0082, with 10-year tenor respectively amounting to IDR8 trillion and IDR6.4 trillion. It was lucid that the Government had more preference to win short-term SUN than the middle and long-term SUN as the Government was in need of short-term funds for COVID-19 relief measures.

FR0081's Bid to Cover Ratio Is 1.18x

FR0081's Bid to Cover Ratio of 1.18x or lower than other SUN series whose bid to cover ratios fall short in the range of 1.34x to 8.09x unveiled the urgent needs of short-term funds. A much lower ratio necessarily means the more amount awarded from the incoming bids. The Government absorbed IDR8 trillion from the incoming bids of IDR9.5 trillion over SUN series FR0081. The urgent needs of short-term bids also had the Government to receive higher yields of FR0081 topping by 44 bps from the prior SUN series. Of note, FR0081 had the weighted average yield of 7.15% or higher than was that of prior SUN series of 6.71%. Besides, SUN series such as FR0082, FR0080, and FR0083 respectively accounted for higher yields of 35 bps, 53 bps, and 50 bps.

Yields of FR0076 Are Expected to Reach 8.95%

The Government did not win SUN series FR0076, with a 28-year tenor due to the series' high estimated yield. On Tuesday's auction, yields of SUN series FR0076 recorded incoming bids to fall short in the range of 8.34%-8.95%. The indicated yields were much higher than yields of two-week prior SUN series to fall short in the range of 7.74%-8.50%. The high yields and the urgent needs of short-term funds were two underlining factors of the Government's decision not to win SUN series FR0076.

Front Loading in 1Q20 Tops Target

Tuesday's SUN action to mark the final auction in 1Q20 won the total amount awarded of IDR22.2 trillion, topping IDR19.3 trillion worth of the average amount awarded during 1Q20. Of note, in 1Q20 SUN series auctioned won the total amount awarded of IDR17.1 trillion to IDR22.2 trillion. To sum up, the Government absorbed IDR180.9 trillion worth of Government Bonds (SBN) auctioned during 1Q20. That amount absorbed topped the indicative target of IDR165.5 trillion, and the Government won a total amount awarded of IDR55 trillion respectively in January and February. But, the urgent needs for short-term funds and anticipation of rupiah depreciation urged the Government to re-win IDR71.4 trillion worth of SBN auctioned in March. The proceeds of March's auction came up with a 9.3% higher amount than the initial indicative target.

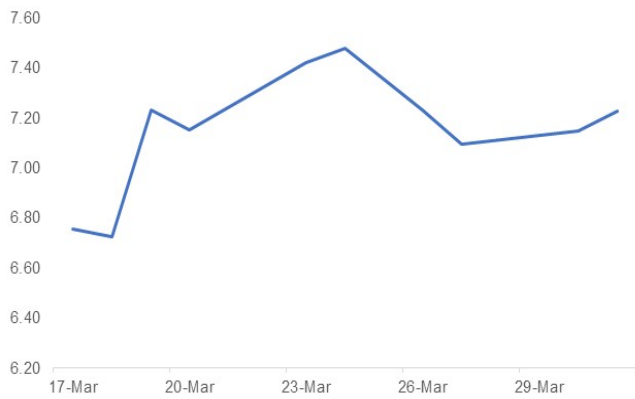
Arief Machrus

+62 21 50889127

arief.machrus@nhsec.co.id

Please consider important disclaimer

FR0081 Yield Movement | Mar. 17th - 31st. 2020



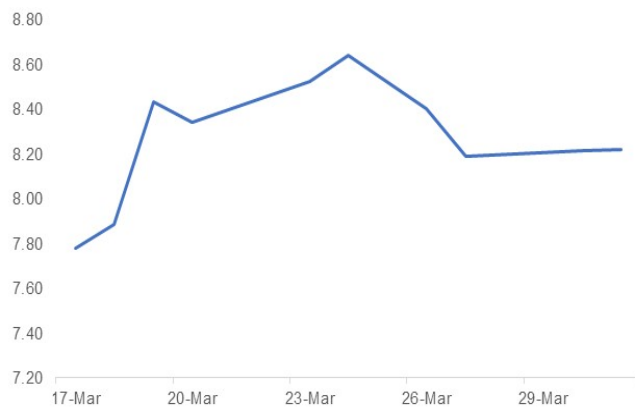
Source: Bloomberg, NHKSI Research

FR0082 Yield Movement | Mar. 17th - 31st. 2020



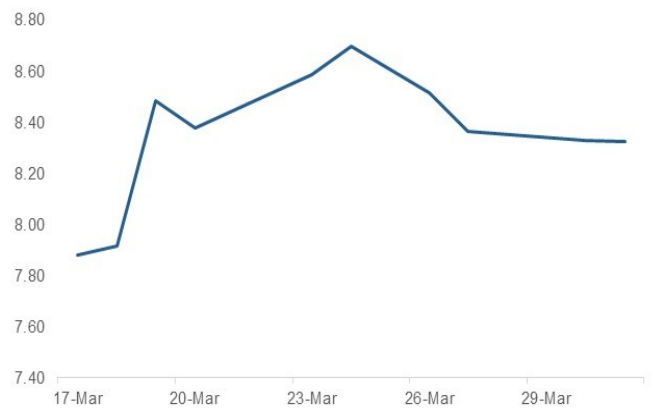
Source: Bloomberg, NHKSI Research

FR0080 Yield Movement | Mar. 17th - 31st. 2020



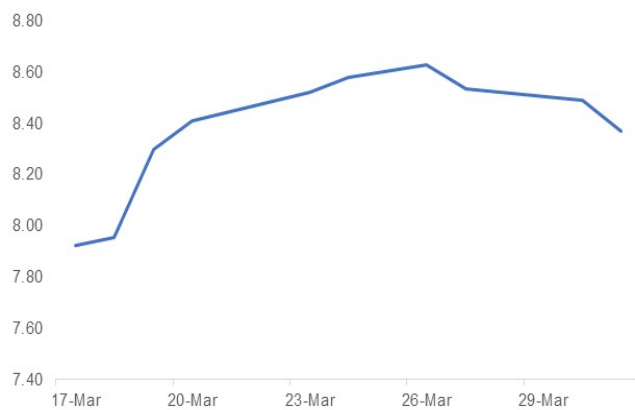
Source: Bloomberg, NHKSI Research

FR0083 Yield Movement | Mar. 17th - 31st. 2020



Source: Bloomberg, NHKSI Research

FR0076 Yield Movement | Mar. 17th - 31st. 2020



Source: Bloomberg, NHKSI Research

INDOBEX Government Total Return Movement | Mar. 17th - 31st. 2020



Source: Bloomberg, NHKSI Research

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entity of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information here is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, respective employees, and agents disclaim any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents liable for errors, omissions, misstatements, negligence, inaccuracy arising herefrom.

All rights reserved by PT NH Korindo Sekuritas Indonesia